OBRA FORMULA FOR FISCAL YEAR 2005/06
NEW ANNUAL FINANCIAL DISCLOSURE REPORT FORMAT

$$\begin{array}{l} \text{OBRA 1993} \\ \text{Hospital Specific} \\ \text{Limit}* \end{array} = \left(\begin{array}{c} \text{Medi-Cal/Uninsured} \\ \text{Expenses} \end{array} \right) - \left(\begin{array}{c} \text{Medi-Cal/Uninsured} \\ \text{Revenues} \end{array} \right)$$

* Note: As per BBA 97 and BBRA 99, the OBRA limit amounts determined by the formula will be applied:

- at 175% to public hospitals
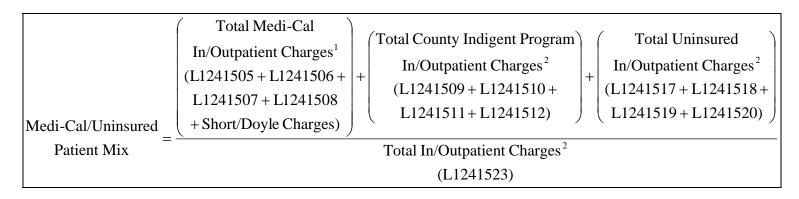- at 100% to non-public hospitals

Medi-Cal/Uninsured Expenses

$$
\begin{pmatrix} \text{Medi-Cal/Uninsured} \\ \text{Expenses} \end{pmatrix} = \begin{pmatrix} \text{Projected Total} \\ \text{Hospital Expenses} \\ \text{For FY 05/06} \end{pmatrix} \begin{pmatrix} \text{Medi-Cal/Uninsured} \\ \text{Patient Mix} \end{pmatrix} + \begin{pmatrix} \text{Demonstration Project} \\ \text{Expenses}^1 \end{pmatrix}
$$

Where,

$$
\begin{pmatrix} \text{Projected Total} \\ \text{Hospital Expenses} \\ \text{For FY 05/06} \end{pmatrix} = \begin{pmatrix} \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Expenses For FY 05/06} \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 05/06} \\ \text{CRRP Costs} \\ \text{(From Survey)} \end{pmatrix} - \begin{pmatrix} \text{Estimated FY 05/06} \\ \text{Medi-Cal Administrative} \\ \text{Activities} \\ \text{(From Survey)} \end{pmatrix}
$$

Where,

$$
\begin{pmatrix} \text{Projected Adjusted} \\ \text{Hospital Operating} \\ \text{Expenses For FY 05/06} \end{pmatrix} = \left[\begin{pmatrix} \text{Total Operating} \\ \text{Expenses}^2 \\ \text{(L0820001)} \end{pmatrix} - \begin{pmatrix} \text{Non-Patient} \\ \text{Expenses} \end{pmatrix} - \begin{pmatrix} \text{CRRP Costs} \\ \text{For FY Ending} \\ \text{In 2003} \\ \text{(From Survey)} \end{pmatrix} \right] \begin{pmatrix} \text{Trend} \\ \text{Factor} \end{pmatrix}
$$

and where,

$$
\begin{pmatrix} \text{Trend} \\ \text{Factor} \end{pmatrix} = \left[\begin{pmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2004} \end{pmatrix} \begin{pmatrix} \text{Hospital 2003 FY} \\ \text{End Month} \\ \text{Adjustment Factor} \end{pmatrix} + 1 \right] \left[\begin{pmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2005} \end{pmatrix} + 1 \right] \left[\begin{pmatrix} \text{Medicare Market} \\ \text{Basket Percentage} \\ \text{for FFY 2006} \end{pmatrix} + 1 \right]
$$

1. Demonstration project expenses are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
2. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2003.

(continued next page)

$$\text{Medi-Cal/Uninsured Patient Mix} = \frac{\left(\begin{array}{c}\text{Total Medi-Cal}\\ \text{In/Outpatient Charges}^{1}\\ (\text{L1241505} + \text{L1241506} +\\ \text{L1241507} + \text{L1241508}\\ + \text{Short/Doyle Charges})\end{array}\right) + \left(\begin{array}{c}\text{Total County Indigent Program}\\ \text{In/Outpatient Charges}^{2}\\ (\text{L1241509} + \text{L1241510} +\\ \text{L1241511} + \text{L1241512})\end{array}\right) + \left(\begin{array}{c}\text{Total Uninsured}\\ \text{In/Outpatient Charges}^{2}\\ (\text{L1241517} + \text{L1241518} +\\ \text{L1241519} + \text{L1241520})\end{array}\right)}{\begin{array}{c}\text{Total In/Outpatient Charges}^{2}\\ (\text{L1241523})\end{array}}$$

1. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2003 and the OSHPD Confidential Discharge Data files for calender year of service 2003. Medi-Cal Short/Doyle paid claims files for calender year of service 2003 with dates of payment through May 2005.
2. From the OSHPD Annual Financial Disclosure Report for the hospital's fiscal year ending in 2003.

Medi-Cal/Uninsured Revenues

$$\text{Medi-Cal/Uninsured Revenues} = \begin{pmatrix} \text{Total Medi-Cal} \\ \text{In/Outpatient} \\ \text{Revenues For CY} \\ \text{of Payment 2004}^1 \end{pmatrix} + \begin{pmatrix} \text{Estimated} \\ \text{FY 05/06} \\ \text{CRRP Revenues} \\ \text{(From Survey)} \end{pmatrix} + \begin{pmatrix} \text{Emergency Services/} \\ \text{Supplemental Payments} \\ \text{Revenues} \\ \text{(SB 1255 Funds Paid} \\ \text{or Payable} \\ \text{For FY 05/06)}^2 \end{pmatrix} + \begin{pmatrix} \text{Estimated FY 05/06} \\ \text{Targeted Case} \\ \text{Management Revenues} \\ \text{(From Survey)} \end{pmatrix}$$

$$+ \left[\begin{pmatrix} \text{Uninsured Cash} \\ \text{Payments}^3 \\ (|L1244517| + |L1244518| + |L1244519| + |L1244520| \\ + |L1246017| + |L1246018| + |L1246019| + |L1246020|) \end{pmatrix} \left(\text{Trend Factor}^4 \right) \right] + \begin{pmatrix} \text{05/06 Demonstration} \\ \text{Project Revenues}^5 \end{pmatrix}$$

$$+ \begin{pmatrix} \text{05/06 Graduate Medical} \\ \text{Education Revenues}^2 \end{pmatrix} + \begin{pmatrix} \text{04/05 CMAC} \\ \text{Overpayments}^6 \end{pmatrix}$$

1. From the Medi-Cal paid claims files, Medi-Cal Short/Doyle paid claims files, Medi-Cal Inpatient Psychiatric paid claims files, the San Mateo, Santa Barbara, Solano, Napa, Orange, Santa Cruz, Monterey, and Yolo (1/2004 to 12/2004) county plans paid claims files and data collected from the Medi-Cal Managed Care plans for calendar year of payment 2004.
2. From CMAC.
3. From the OSHPD Annual Financial Disclosure Report for fiscal year ending in 2003.
4. Same as the Trend Factor calculated on page two.
5. Demonstration project revenues are determined based on the terms and conditions of an approved federal Medicaid demonstration project.
6. Additional 2004/05 SB1255 and/or Graduate Medical Education and/or AB761 payments that caused a hospital to exceed their 2004/05 OBRA payment limit. (Calculated on Excel spreadsheet)